

LATIN AMERICAN REPORT



VOL. III

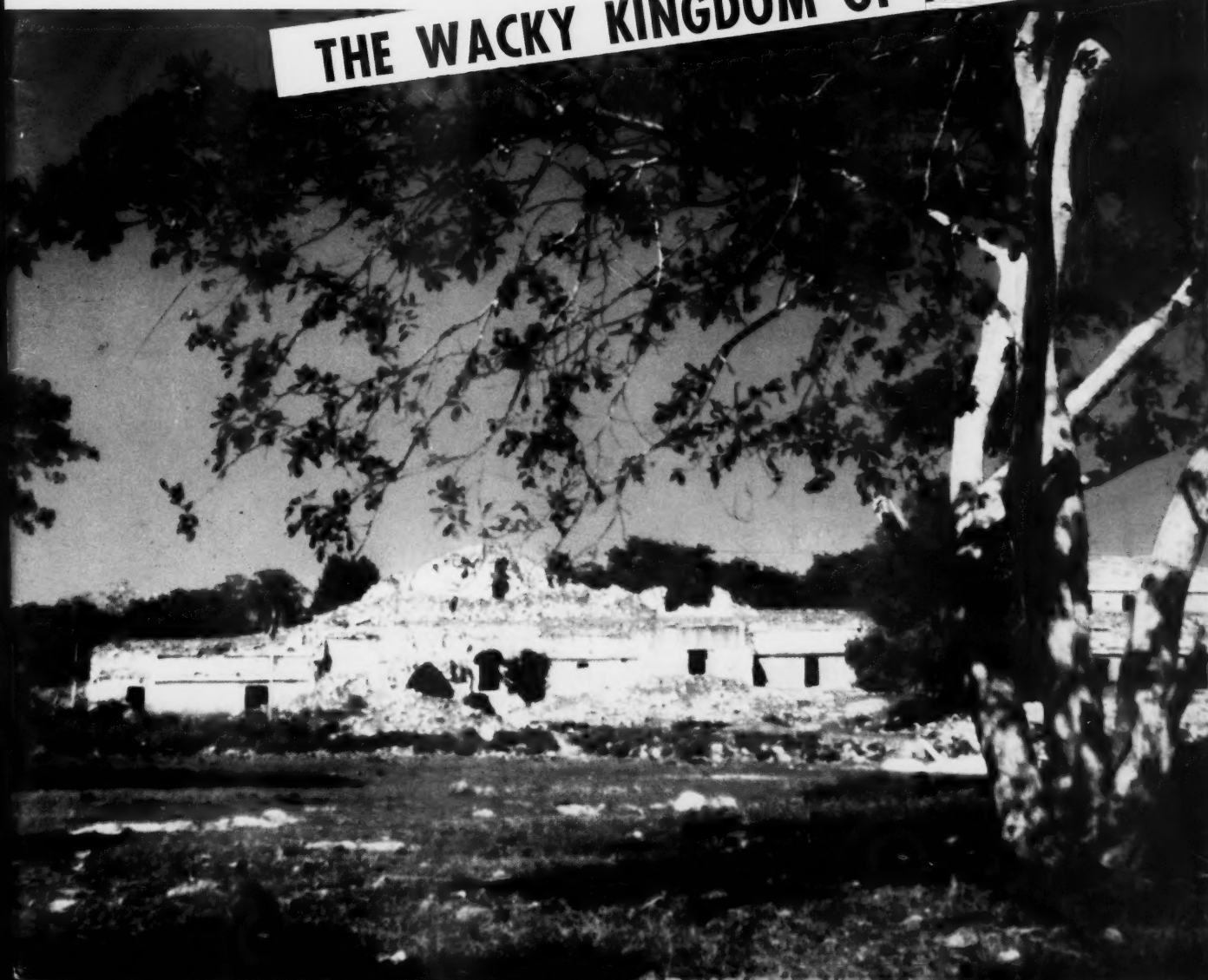
NO. 10

MEXICO: Merida, Metropolis of Yucatan.

INVESTMENT: Are Foreign Corporation Investments Necessary?

CHINA: The Unbelievable Story of a Kingdom That Never Was.

THE WACKY KINGDOM OF ARAUCANIA



Lake Atitlan

Jewel of the Hemisphere



Lake Atitlan, at 5,184 feet is ringed by lofty volcanoes and surrounded by a tiara of quaint indian villages. In a single watching the waters change colors, from deep sky blue to goldflecked emerald to jade and back to sky blue again. The crisp mountain air is exhilarating and the scenery is a treasure long to be remembered.

Land of Eternal Spring

Guatemala

For Information apply to the NATIONAL TOURIST BUREAU 6th Ave. 5-35 Guatemala City, Guatemala

LETTERS

Jungle Via MG

Dear Sir:

I have just ready my first issue of your magazine and enjoyed it thoroughly. I recently returned from a month's motor trip to Central America and I use the term loosely as a friend of mine and I drove in an MG sports car. We had adventures with a capital A, but one of the big ones we missed was Tikal and I loved reading your excellent article about the work there.

Mrs. Robert H. Vereecken
Eagle Pass, Texas

Gringos Go Home?

Dear Sir:

I am now living, or trying to live, on my Social Security which started in April of 1959, and I have thought of Mexico as a good place in which to retire as far as cost of living goes, but I hear that Gringos are not liked too well south of the border. Is this true?

Ray Boehm
Long Beach, Cal.

Any of you Mexican readers care to answer this?—Ed.

Berlin and Latin America

Dear Sir:

Enjoyed your editorial "BERLIN AND LATIN AMERICA"—You have hit the nail right on the head.—As you know, I represent a great number of American Manufacturers and exporters and every day I am losing more and more business to Japan and Europe. The U. S. is pricing itself right out of World markets. I have yet to receive a letter from one of my firms saying that price has gone down, every letter I get the prices have gone up.

For instance, leather—I used to sell big quantities to the local shoe factories and importers of leather who sell to the small shoemaker.—Haven't sold a foot in six months. Price of leather in the U. S. has gone sky-high—

This applies to practically all commodities, pretty soon the U. S. will be importing more than what they are exporting and the U. S. Dollar will not be so strong.

But if you really want to help create better relations and good-will for the U. S.—make every effort to get Washington to take over the completion of the Pan American High-



New Mexican Edition of LIFE EN ESPAÑOL Brings Fast Action

Three hours after it appeared, LIFE EN ESPAÑOL, Edición Mexicana had its first success story.

Writes Bernard Harris, Vice President, Utility Appliance Corp.: "I received my copy of LIFE EN ESPAÑOL, Edición Mexicana about 2 o'clock. At 5:05 that day I received a long-distance phone call from a firm in Monterrey, Mexico, saying they had seen the magazine and our ad and wanted to come to Los Angeles to negotiate a contract for the manufacture of our air conditioning products in Mexico."

Perhaps not every advertiser will receive his first response within three hours. But every advertiser in the Mexican Edition, whether he wants better distribution or increased sales, can direct his message to the three-quarter million people who read LIFE EN ESPAÑOL in Mexico—a significant portion of the economically active population.

In LIFE EN ESPAÑOL, Edición Mexicana, you can reach them with the finest color reproduction, in LIFE-size pages; and take advantage of all the tested merchandising techniques of the U. S. LIFE adapted to the needs of the Mexican market.

Display your products to Mexicans in the mood to buy in LIFE EN ESPAÑOL, Edición Mexicana.

The magazine to reach modern Mexico is



AVIATECA

Houston New Orleans Miami

Guatemala

Route of The Mayans

FLY MIAMI GUATEMALA

OR

NEW ORLEANS GUATEMALA

FOR ONLY \$99 Round Trip



Business in Venezuela?

**Fly NON-STOP to
MARACAIBO
CARACAS**



**Radar Equipped
Super DC-6B
Luxury Liners**

AVENSA

INTERNATIONAL AIRWAYS

Connections at Maracaibo and Caracas to more than 25 cities in Venezuela



TAMPICO

**CROSSROADS
OF THE AMERICAS**

Leading to the U.S.A.,
Mexico, Central and
South America.
Transportation
by land, sea, air

Tampico offers
manufacturers:
Manpower
Water in abundance
Ample electric power
An oil producing center
& Port facilities

FOR MORE INFORMATION on
advantages Tampico, Mex. offers
your business, write Commercial
Director, Compañía de Electrici-
dad de Tampico, S. A., or Area
Development Department, Ame-
rican & Foreign Power Co., 100
Church St., New York 7

CIA. DE ELECTRICIDAD DE TAMPICO, S. A.

Edificio "Luz" - Plaza de la Libertad Tampico, Tamps. México

way, at least as far as Panama. This will bring thousands of Americans to these Countries and thousands of Latin Americans who will visit the U. S.—Everybody talks about completing the highway, but nothing is being done—with what we spend on five rockets, we can pave the highway all the way to Panama and this is certainly more important this moment.

Best regards,

R. Glaser
San Salvador



**WANT TO
MAKE
EXTRA
MONEY?**

**Read
Page 24!**



AGRARIAN REFORM

In recent years, and in various countries, so many crimes, injustices and abuses have been committed in the name of the agrarian reform program that the very name "agrarian" is taking on the meaning of something odious, sinister and tyrannical. Yet the incredible part of it is that the agrarian program, which simply means land reform program, is basically an extremely good idea and one which has been in use for many, many years. It was a form of agrarian programming that opened up the western frontiers of the United States itself when first arrivals were permitted to claim land for their very own.

There is nothing wrong with the idea of an agrarian reform program. It all depends on its basic aim, and how it is used. In the United States it was used to open up vast new territories of land, and the idea proved successful beyond the fondest dreams of those who first created the idea of the government purchasing land and then turning it over to settlers.

In contrast, the agrarian law as administered in Guatemala during the days of Jacobo Arbenz, who was removed from power in 1953, was vastly different from the same project under Carlos Castillo Armas. The Arbenz regime used it as a means to strike at all those who opposed it, and to maintain power through coercion. Under Castillo Armas it had the opposite significance.

That, in a way, is the sad situation about the agrarian law as it is being applied and administered in Cuba. There it has become a weapon of destruction, not construction.

Thus, in reading all the dispatches about "agrarian laws" the error does not rest with the basic idea of converting unused land into fertile areas but stems from the manner of administration.

In time, other governments well may succeed the Fidel Castro government in Cuba, just as Castillo Armas followed Arbenz in Guatemala. One thing is definite. Once the idea of an agrarian law has been implanted it can never be eliminated — and for the simple reason that the basic purpose of agrarian law, honestly administered, is NOT bad.

Wm. G. Gaudet

PUBLISHER

Member, Inter American Press Association

THIS MONTH'S COVER: The Ruins of the Great Palace of Labna, a Mayan site near Merida, in Mexico's Yucatan peninsula.

CHANGE OF ADDRESS: Send old address, exactly as it appears on your magazine label, along with new address, including zone number. Allow at least four weeks to effect change.

LATIN AMERICAN REPORT

*Published monthly to record and
interpret the changing history
of our hemisphere.*

For The Period Ending:

SEPTEMBER 30 1959

VOL. III

NO. 10

Contents

ARTICLES

- THE KINGDOM THAT NEVER WAS 6
MERIDA 11
ARE FOREIGNERS EXPLOITERS? 16

FEATURES

- Letters 1
Up To Date 4
Calendar of Festivals 21
Trade Notes 22
Books in Review 23

STAFF

William G. Gaudet *Publisher*
Dennis J. Cipnic *Editor*

Art Direction:

Fred Bernos
Raymond Sessions

Circulation:

Sidney Toca

International Advertising

C. Shannon O'Neill

FOREIGN NEWS

Field representatives stationed in: Mexico City, Mexico; Guatemala City, Guatemala; San Salvador, El Salvador; Tegucigalpa, Honduras; Managua, Nicaragua; San Jose, Costa Rica; Panama City, Panama; Bogotá, Colombia; Quito, Ecuador; Lima, Peru; La Paz, Bolivia; Santiago, Chile; Buenos Aires, Argentina; Montevideo, Uruguay; Rio de Janeiro, Brazil; Caracas, Venezuela; Havana, Cuba.

LATIN AMERICAN REPORT is published monthly by Latin American Reports, Inc., International Trade Mart, New Orleans 12, La. Single issue price 50c. Subscription \$5.00 per year. Foreign Rates (boat mail) \$6.00. President, William G. Gaudet; Vice President, Sidney M. Toca; Secretary-Treasurer, Pauline Lucas Gaudet; Directors: Dr. Alton Ochsner, Sidney M. Toca, William G. Gaudet, Pauline Lucas Gaudet, Lee Emery, Jr., Macrino Trelles, Warren A. Forstall. Second Class Mail Privilege authorized at New Orleans, Louisiana.

PHOTOGRAPHS IN THIS ISSUE: 11-14, Wm. G. Gaudet; Pan American World Airways.

UP TO DA

A Monthly Summation of L

MEXICO . . .

Milton Eisenhower, the "good neighbor" specialist and one of President Dwight Eisenhower's chief trouble shooters, has returned from a highly successful trip to Mexico, it is reported. The purpose of the trip was to further work out some of the U. S.-Mexican problems that Mexico's President Adolfo Lopez Mateos had brought to Dwight Eisenhower's attention earlier this year. According to insiders, one of the chief topics under discussion was the highly sensitive question of lead and zinc production.

Several months ago, the United States unilaterally closed off importation of these metals, a move which adversely affected several Latin nations which depend on the metals for a good portion of their foreign trade income. It is thought that Milton Eisenhower is attempting to work out a solution to this problem, and that it may well require a modified U. S. policy toward importation of raw metals from Latin America.

PANAMA . . .

A long range program for modernization of the Panama Canal is finally underway. In recent years the Canal has proven too narrow for many modern ships, and the traffic bottlenecks resulting from one way only traffic in many of the cuts of the Canal has meant a decrease in revenue. The program, to cost \$4,000,000, will sufficiently widen Gaillard Cut, chief bottleneck, to the point where two ships of any size can pass each other. Another project, costing \$7,300,000, is already underway to widen another four mile stretch of the Canal in the same area.

PERU . . .

Pedro Beltran, this nation's new Premier and Finance Minister, seems to be emerging as a "key figure" in Latin America's upward road to fiscal stability, according to a major news source. Beltran, who is also owner and publisher of La Prensa, one of Peru's leading newspapers, has al-

ready decided what steps need to be taken to cure most of Peru's economic ills.

"My prescription is this", says Beltran, "stop printing paper money".

What the new premier is referring to is the fact that in the past, whenever a fiscal deficit faced the country, the government simply printed up more money. This, of course, lead only to inflation, devaluation of the nation's currency and loss of trade. "Now, Beltran says, we have to stop all this fooling around with money. He has cut off government subsidies on meat, raised ceilings on gas and oil prices, and, true to his word, stopped the printing presses. Many Latin politicians are watching Peru very closely. They credit Pedro Beltran with a lot of courage, but one gets the feeling that they are keeping what amounts to a death watch over his new government. Tight fiscal policies are notoriously unpopular in Latin America.

ENGLAND . . .

For sports fans who might be tired of the ordinary, we offer the following: Alfredo Camarero, an Argentinian long distance swimmer of some note, won the English Channel swim recently, outdistancing 22 other contestants in the race from France to Dover, England. He swam the 22 mile distance through choppy seas in 11 hours, 45 minutes and 26 seconds. Camarero was awarded \$1,400 for winning the contest. That's almost \$64 per mile.

ARGENTINA . . .

It is reported that this nation will be the next big plunger into the mutual fund game. Mutual funds are very popular in the United States right now, and are more or less stock market clubs. A group of would-be investors get together and pool their money. With the pool, or fund, they then decide on certain stocks, and invest in them. Thus the group can afford stocks which no single member could possibly buy. Dividends and profits are split up among the

ATE...

of Latin American News, Features and Events

members. The mutual fund idea has done much to increase stock market activities in the United States, and it is believed that such a move in Argentina might well up Buenos Aires' stock activity some 35%. The Argentinian funds will be public corporations, with anyone allowed to buy or sell their share in the fund at any time. Price quotations will be published in the daily papers, and investment in foreign corporations, as well as Argentinian ones, will be allowed. It is felt that mutual funds could help Argentina's economy to a great extent by establishing public faith and interest in Argentine firms.

TRINIDAD . . .

It is reliably reported that the government of this island may soon attempt to revert to outright colonialism. Sir Eric Williams, crown appointed governor, is reportedly seeking to restore an 1841 law which would permit him to jail critics of the government without benefit of a court trial. The move is agreed have been brought on by constant criticism of the government by the island's newspapers.

PARAGUAY . . .

The United States Army has turned to crooning in order to win over Latin Americans, or so it seems. Lt. Colonel Thomas Chegin, stationed here as U. S. Army attache, has spent four years learning the extremely difficult native tongue of the Paraguayans, called Guarani. He sings songs in the tongue-twisting dialect every chance he gets, and due to the fact that he's smack in the middle of Paraguay, chances come frequently. His popularity is reportedly that of an Elvis Presley around Asuncion, Paraguay's capital, where he is often called on to sing at dinners and parties. Col. Chegin, who is 39, has three children, two of whom are attending Paraguayan schools. This hasn't exactly hurt his popularity. Nor has the fact that he knows the country inside out, having traveled over all 150,000 square miles of it by air,

boat, jeep and horseback. The most extraordinary aspect of Colonel Chegin's feat is that it is so unusual. Latin envoys have constantly said that one sure way to befriend their people is to try and learn the language. Colonel Chegin has done just that (he also speaks Spanish), and he has set an example by so doing.

RUSSIA . . .

The communists, who, as has been reported in these pages, are determined to undermine U. S. influence in Latin America, are now planning to send Anastas Mikoyan, vice-premier of the Soviet Union, to Latin America. The trip, which will probably take place this winter, is intended to "promote better trade relations", in the words of the communists. This is probably true; it is doubtful that Mikoyan will be in contact with many local communists or attempt to engage in political activities while he is in Latin America. Since Latin America is an economic target of world communism, however, Mikoyan's visit bodes further difficulties for the United States in the area.

CARIBBEAN . . .

It is becoming increasingly more difficult to keep track of all the so-called armies running around the sands of the Caribbean, and the latest rash of accusations on the part of almost all the governments hereabouts has done nothing to make matters easier. Cuba accused Trujillo of depositing rebels in Castroland; Trujillo came right back and denounced Castro for invading the Dominican Republic, the Haitian government chimed in with Trujillo by blaming Cuba for its guerilla troubles, and so on. The United States has also been pulled into the mess, with Castro claiming that counter-revolutionaries are being recruited stateside. Not to be outdone, Trujillo came up with an apparently true tale of Castroites recruiting men in New York for an expedition against his government. Where all this will end is anybody's guess, but it is interesting to note that

all this activity is very reminiscent of the comic opera revolutions of the twenties.

BRAZIL . . .

The Brazilians will hold a presidential election in 1960, and for all practical purposes campaigning is already pretty hot and heavy. The candidate for the administration is Marshal Henrique Teixeira Lott, the man who is said to have engineered the 1955 coup that put Juscelino Kubitschek into office. Marshal Lott is Brazil's minister of War. In most other Latin nations this would mean a decided advantage for a political candidate, but in Brazil it seems to work the other way around. Marshal Lott has already been criticized for campaigning in his military uniform. This seems to be of little import, however. President Kubitschek is working hard to line up all the political forces he can find behind the Marshal, and it is thought that Lott is almost sure to win the election.

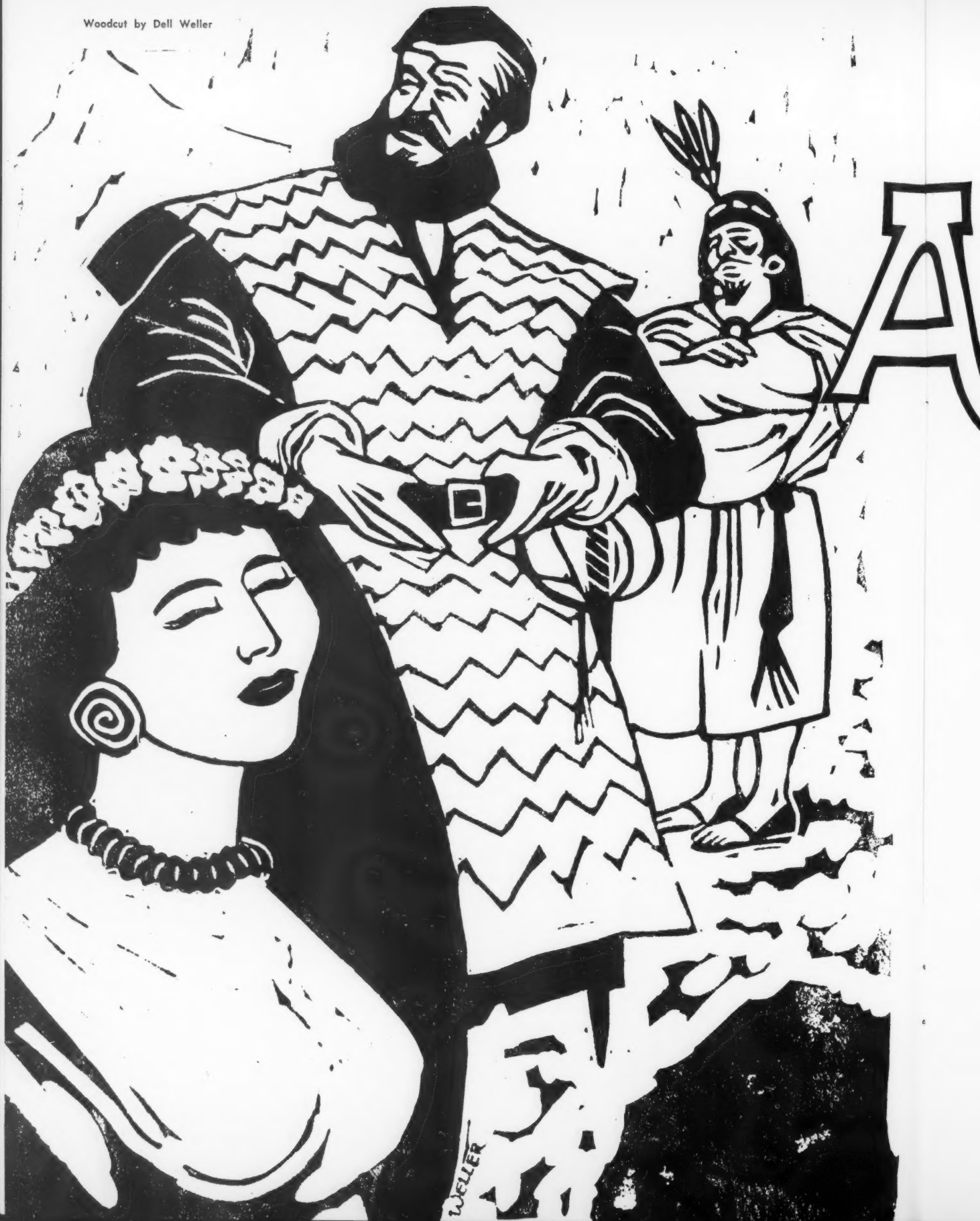
NEW YORK . . .

New York University, long a leader in Latin American studies, has just announced what appears to be the first really concentrated group of courses about Latin America's largest nation, Brazil. Ten courses, in subjects ranging from Portuguese Language to Social Life of Contemporary Brazil, will be offered. Included will be special courses in Brazilian economy, government and politics, geography, history and literature.

CUBA . . .

Fidel Castro, the former darling of much of the world press, has been earning nothing but brickbats these past months. As a barometer of his popularity, it should be noted that virtually all the U. S. newspapers which thought so much of his revolution have begun to question his motives and actions. Castro's big supporter nowadays? Pravda, in Moscow

Woodcut by Dell Weller



the wacky kingdom of Araucania

This year marks one of the world's most unique centennials. It will not be celebrated anywhere, mainly because three governments have worked hard at ignoring the fact that the event it commemorates ever occurred. Yet when it happened one hundred years ago, the founding of the kingdom of Nouvelle France on American soil threw a goodly portion of Europe and Latin America into considerable turmoil.

Nouvelle France, or Nueva Francia, as it was variously called in French and Spanish, reached across South America from the Pacific to the Atlantic, from the river Rio Negro in the north to the Straits of Magellan in the south, enveloping all of southern Chile and Argentina. Its two main cities, Carmen de Patagones in the north and Punta Arena in the south, were nearly 1,000 miles apart. Its total land area encompassed over 1,000,000 square miles, most of which was wild mountains inhabited by even wilder indians.

In fact, of all the inhospitable places on earth to choose for a kingdom this area was probably second to none in its time. But for one man it held the dreams of empire.

His name was Orllie Antoine de Tounens. Born a Frenchman, in 1825, Orllie had been raised in the provinces of his native country. As most landlocked country boys do, he had devoured accounts of adventurous men of the sea. Dreams of glory, of being another Captain Cook, filled his head. But Orllie was more than a dreamer. He began to search the far corners of the world for a place ripe for dis-

covery. In one of Cook's accounts he read about the wilds of South America, and especially the southern part of the continent. This, it seemed to him, would be a perfect spot for a dream empire.

At the time Orllie's boyhood dream finally came to fruition in 1858, France was ripe for a little empire building. Napoleon III was on the throne as emperor, having appointed himself to the position seven years previously. Like his uncle, Napoleon I, the new emperor was fond of militarism, pomp and ceremony, and waving patriotism in the air like a regimental flag. France of 1858 was convinced it could rule Europe. Orllie thought it could rule South America as well.

He disembarked in Valparaiso, Chile's main port, in 1858, at the age of 33. For two years thereafter he sought an opportune spot to set up his throne, wandering around in the southern mountains. Finally he turned up in Araucania, a wild district brim full of fierce indians, most of whom had opposed both Spanish and Chilean authorities for years and were of no mind to adopt a different attitude towards a Frenchman. However, Orllie befriended several expatriate French hunters and traders in Valdivia, chief settlement of the locality, and contrived to get himself introduced to the local Indian chief, named Quilipan. Quilipan, like his tribesmen, had fought victoriously against other white men who had attempted to "liberate" the Indian territory, but he was no match for Orllie-Antoine.

The ambitious Frenchman dressed

up in a long black coat, hung a huge cavalry sabre at his side, grew a long black beard, threw an Indian poncho over his head, and impressed the dickens out of the chief, who had never seen anything quite like this. He even promised to marry the chief's daughter, but never had to go through with the ceremony. Quilipan was won over by the mere promise, and it apparently never occurred to him to ask for a settlement of the affair.

With Quilipan under his spell, the would-be monarch soon rose to leadership in the Indian territories. In fact, by October 1860, Orllie-Antoine, de Tounens had ceased to be "monsieur". He officially proclaimed a monarchy on the 17th of that month, with himself as king and his French hunter friends as the first Constitutional Government. The proclamation read:

"We, Prince Orllie-Antoine de Tounens, considering that Araucania is not dependent of any other nation; that it is divided in tribes, do hereby proclaim a central government in the interest of the people and general order.

We proclaim:

Art. I: A Monarchy, constitutional and hereditary is founded in Araucania; Prince Orllie-Antoine de Tounens is appointed King.

Art. II: In case the King does not leave any descendents his rights go to other members of his family, following the established rules of Royal inheritance.

Art. III: A constitutional body is formed, but Royal orders have the force of law.

Art. IV: Our minister, the Secretary

of State, is given charge of the execution of this decree.

Dated in Araucania, the 17th of November, 1860.

Signed Orllie-Antoine the First.

The first Monarch in South America was a fact. Its laws took effect immediately, and its government was sworn in under formal rites: "I swear obedience to the constitution and fidelity to the King; I promise to comply with my duties with dignity and probity."

The new Monarchy, which in one fell swoop encompassed all of South America below the 40th parallel, was divided into "Departments" and "Communes" after the French government, and the King was given the right to appoint noblemen. However, there was a catch: "The King appoints nobles without rights or privileges. Their titles are only honorary."

Another unique law ordered that all sessions of the legislative body "must be published in the newspapers."

After King Orllie-Antoine the First had appointed his South American government, all members of which were French, he informed the Chilean President, an aristocrat of Spanish descent named Don Manuel Montt, of the fact in a formal letter:

"Excellency:

We, Orllie-Antoine the First, in the grace of God, King of Araucania, have the honour of informing your Excellency of our arrival on the throne that we have founded in Araucania. We petition our God to solicit his holy guard.

signed: Orllie-Antoine the First

Dated in Araucania the 17th of November 1860".

Montt, who was then in his last days of office, never replied to the letter. He left it to the new President, Don Jose Joaquin Perez, who did not ignore it for a second. He declared the King of Araucania a traitor to Chile

and sent the army to bring him in for trial.

But King Orllie was determined not to get caught. He avoided battle with anything that looked like a soldier and fled to the hills. There a Spanish renegade named Rosales found him and offered to lead the party to safety. King Orllie decided to trust the man. Actually he had no choice. Rasales apparently knew where the army was and how to avoid it. The only catch was that the Spaniard had no intention of avoiding anything. He delivered the King into the hands of the enemy. For this bit of treachery Rosales was paid about \$5.00.

In part of his memoirs, written while in jail, the imprisoned king wrote:

"I ask myself, with what right does the Republic of Chile claim governmental sovereignty over Araucania? They have arrested me, the King. Give me liberty, I say. It is not proper that I have no rights in my own country, whose laws I have made and followed."

The Chilean government thought otherwise and speedily brought Orllie-Antoine to trial. If nothing else, his testimony in court demonstrated persistence in the face of adversity.

"Do you know what the word 'King' signifies?", the prosecution asked.

"The sovereign of a nation," said Orllie.

"Do you understand the significance of proclaiming yourself King of a nation already obedient to laws and dependent on legally constituted authorities?" asked the judge.

"Yes, your Honor," replied Orllie. "For that very reason, I notified the Chilean Authorities that the territory had never accepted Chilean sovereignty and had proclaimed its independence and right to constitute its

own sovereigns."

Orllie-Antoine, King or not, was sentenced to death for this line of reasoning. However, luck often chooses to bless strange heads. In this case it chose Orllie-Antoine's—literally. He was declared out of his mind at the request of the French ambassador, who promised to ship him back home the minute he was released. Orllie, who knew a good thing when he saw it, agreed to official lunacy in return for his life, and left on the next boat.

However, the ocean voyage turned out to be a little too long. In the middle of the Atlantic Orllie came to the conclusion that he wasn't nuts after all. He was the King of Araucania, a perfectly sane monarch, and he was going to tell all Europe so, starting with France. Unfortunately, France didn't seem ready to listen to him.

He tried in vain to be recognized as sovereign of Araucania and Patagonia in his native land. Numerous requests for official protection were made to the Emperor, the Empress and to young Prince Napoleon. Orllie also requested the French foreign ministry to recognize his far away monarchy. All his importuning was neglected by the French authorities, so he then appealed to Frenchmen at large, promising them unlimited colonization possibilities in the new country. "A dignified crusade", he called it. He even sent letters to the French senate requesting indemnities and pensions, claiming that his project was in the interest of France and of civilization. The effort was without result.

Orllie-Antoine thereupon donned his royal robes and returned to South America. There, at least, he was respected and listened to, or so he thought.

The Chilean government, incensed at word of Orllie's return, immediately prepared a military expedition to Araucania, led by General Cornelio Saavedra, the same man who, as a Colonel, had arrested him a few years earlier. The mustering documents stated that the military expedition was being formed to "clean up the territory." Orllie-Antoine, who never fought when he could run away, fled to Buenos Aires, Argentina, where his precipitant arrival rated mention in the local press. One paper said, somewhat tongue in cheek, that the government "had forgotten to give the King a formal reception."

Unfortunately for Orllie, the government did not forget that he was persona non grata across the border in Chile, and immediately shipped him



back to France. Our hero, by now used to such goings on, went peacefully.

Once again back in his native France, sitting under shady trees at the local cafe, drinking his Pernod and dreaming of his lost kingdom in South America, Orllie-Antoine began to evolve a desperate plan. He contacted a certain Mohon de Monhagan, who had great influence in French government circles, and won officialdom to his cause. Then he started a newspaper in Marseille, "La Corona de Avero", which appealed to Frenchmen to aid the King to return to South America. Shortly thereafter, public opinion in the south of France took a noticeable swing to his side.

Still plotting, he then sent a secret agent to London, with instructions to raise "invasion capital". This man, J. M. de Almeida, did so well at his task that the King gave him the title of "Vizconde de Palma". Almeida talked an English banker, Jacob Michael, into giving Orllie economic aid. In fact, a contract was signed with him which rated mention in the Pall Mall Gazette.

The King, it is noted, thereupon went out and bought himself a royal shield, a flag, and had printed a national anthem, written by a composer named Guillermo Frick. The King also had coins minted with his shield on one side and the inscription, "Orllie-Antoine I Roi D'Araucania et de Patagonie", on the other. They were dated 1874 and had the value of one peso.

While Orllie gallvanted around France liberally distributing propaganda, Jacob Michael was preparing for the return of the King to South America. He contacted the French ambassador to Chile, A. Blest Gana, and was apparently on the verge of accomplishing something when the newspaper got hold of information regarding the deal and published same. Ambassador Blest Gana immediately protested his innocence to the French Foreign Minister, and to Lord Granville, the British Secretary of Foreign Affairs. He told both parties of the intentions of the Orllie-Michael group.

Things were now getting a bit sticky. Chile issued an ultimatum: "Freebooters and adventurers arriving from England or France or any other country, who disembark on Chilean soil, will be considered as trying to break Chilean laws."

But this didn't phase Orllie-Antoine one bit. He was King and that was that. So a little later that year, 1874, Orllie and a few friends turned up at the Hotel de la Paz in Buenos Aires, and on the 21st of May the

same year they disembarked from the Argentine ship "Pampita" in Bahia Blanca, a bay on the northeast coast of Araucania. The King was now ready to re-conquer his lost lands. But remembering the debacles of previous efforts, Orllie-Antoine was prudent enough to travel under the name of Juan Prat, calling himself a trader.

Even that didn't help. He was recognized almost at once by the police and arrested. Within hours, a military court had ordered him deported, and he had to return to his native France without ever having set foot in his kingdom, only a few miles away from the place where he had disembarked.

King Orllie-Antoine never returned to Argentina or Chile after this trip. Twice defeated, he chose to live in Paris, playing the role of a monarch in exile. He gave balls, built an embassy, and knighted all his friends, one of them being the son of the banker Michael:

"For loyal service to my Kingdom M. Eduardo Michael, British citizen, born in North Shields, Twentieth of May 1853, living in Kensington, London, England. We, King of Araucania and Patagonia pronounce the title of BARON DE BELGRANO with all the rights and privileges given to Nobles of our country."

The new Baron got a coat of arms bearing a very appropriate motto: "Provisé and Provide"...

But playing at being king without a kingdom was disheartening. Orllie-Antoine, whose comic opera king efforts were always deadly serious to himself, had just managed to finish his memoirs when he died of a broken heart on the 19th of September, 1878, in a small hospital in the French province where he had been born. By rights, the Kingdom of Nouvelle France should have ended right then. But it didn't. The King was dead—Long live the King.

Orllie-Antoine was promptly followed on the non-existent South American throne by a distant cousin, Gustav Aquiles Laviarde, who became King Aquiles the First. His wife Maria became the first "Queen" of Nouvelle France.

Laviarde had about as much idea of both his kingdom and how to be a monarch as the man in the moon. He had been born in Rheims in 1841 and, for the sake of appearance, claimed descent from "a great noble Irish family who had emigrated to France under the threats of Elizabeth of England".

A formal coronation of the new King never took place, and he never even bothered to go to his country, but he did move into the embassy

building in Paris. This act, which Laviarde called "ascending the throne", was registered and signed by some 70 witnesses. It was then protocoled in Paris on the 28th of June, 1882. Still extant, the document carries 7.50 francs in stamps, which is pretty cheap for a coronation. As ridiculous as the whole thing was, the new King got newspaper mention as far away as Tahiti and India.

King Aquiles, as Laviarde was now entitled to be called, quickly built a foreign service, which everyone knows is vital to any government. He appointed ambassadors to several European countries. In Rome, one Jose Pedro Giustini was appointed ambassador, and the Vatican State and Spain were also blessed with emissaries. A Persian delegation which came to negotiate with France about this time suddenly found itself negotiating with King Aquiles in his embassy, and the Persian ambassador was decorated with Araucania's highest honor, the Royal Order of the Southern Star. Paris newspapers had long comments on the decoration, declaring it to be a marvel of colorful stones.

When Grover Cleveland became President of the United States, King Aquiles the First of Araucania and Patagonia (the title got longer every month) sent formal congratulations. The King said in his message to Cleveland that he hoped that the Great Republic in the North and the Monarchy in the South would march together united into an unlimited future. Cleveland's response to this statement was not noted.

King Aquiles, like his late cousin, Orllie-Antoine, never forgot to make propaganda for himself, and all the most famous restaurants and theatres in Paris always received him with royal pomp when he made his entry. He demanded that the headwaters call him "Your Majesty", which they unfailingly did.

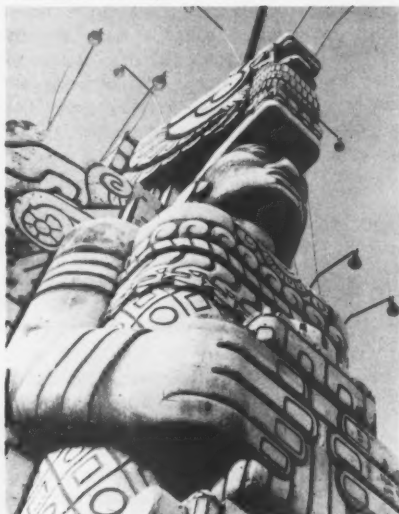
The Monarchy of Araucania and Patagonia finally came to an end with the death of Gustav Laviarde, or King Aquiles the First, in May 1902. He was 61 years old.

Though there are hundreds of documents to testify to the existence of the Monarchy of Araucania and Patagonia, official histories of Chile and Argentina do not grant it one word of mention. The coins that were minted by Orllie-Antoine can still be found and are of great value among collectors. The Royal Order of the Southern Star is in the hands of the Menendez Braun family in Argentina. Thus passed into history one of the strangest kingdoms on record. ●

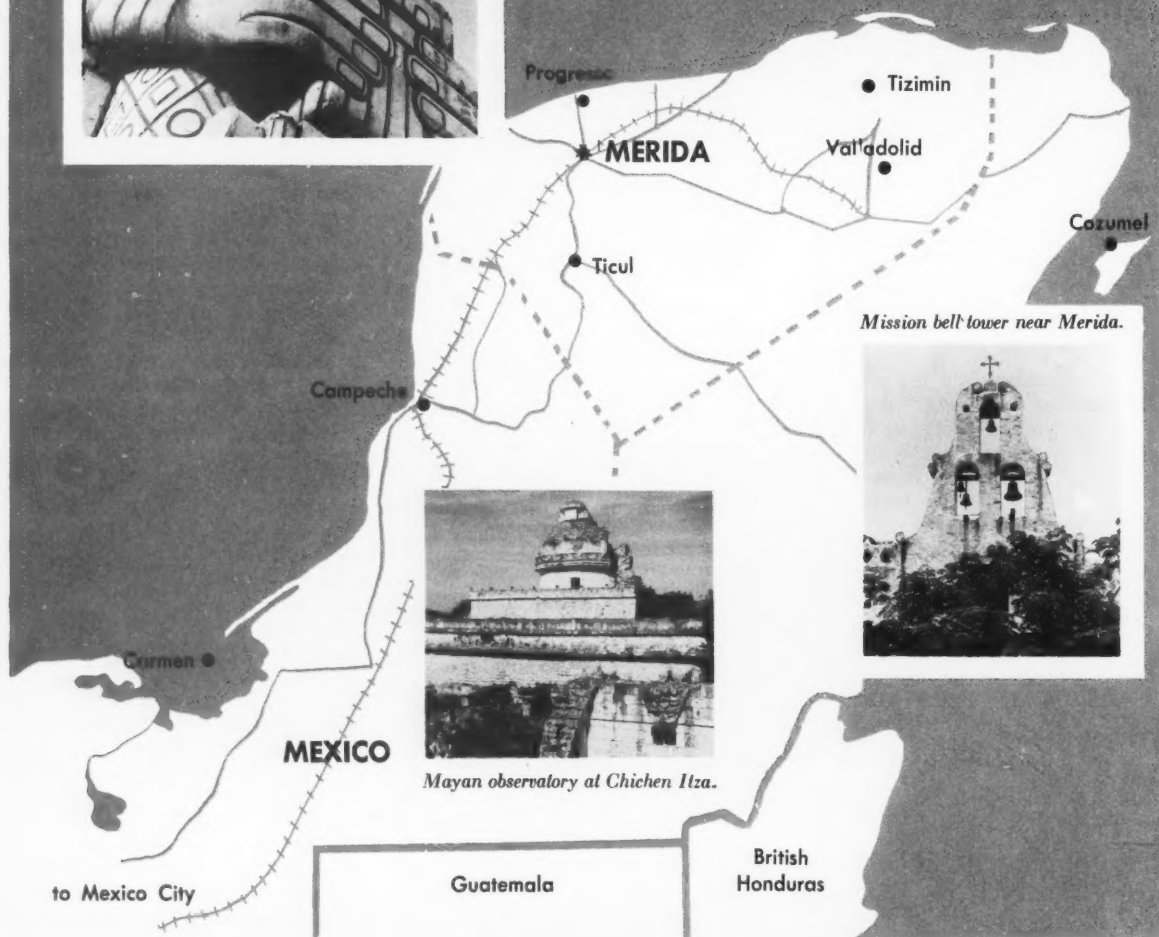


Skyline of Merida. At left is the Cathedral.

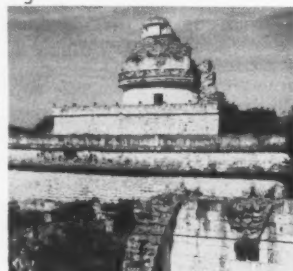
Aztec god. The lights are turned on at night.



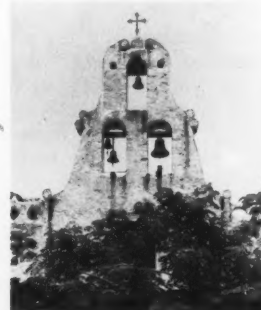
Merida.



Mission bell tower near Merida.



Mayan observatory at Chichen Itza.



The city of Merida, capital of the Mexican state of Yucatan, is sometimes called the "capital of the state within a state", and rightly so. Yucatan peninsula, which contains three separate sub-states: Quintana Roo, Campeche and Yucatan itself, for years has been an almost independent entity within the borders of its mother country. This was true even in the days of the Spanish Conquistadores, when Merida was established as a separate political entity subject not to the Vice-royalty in Mexico, but accountable directly to Madrid.

The result has been that over the years the economy of the area has been affected more by conditions in foreign countries than by prosperity

yond the rim of civilization that extends along the coast, the area gets very wild very fast. It is this, however, that makes it one of the few tourist paradises left which is handy to the United States. Yucatan holds wonders of the history of this hemisphere that are almost beyond imagination. On the limestone plains arcing around Merida rise the massive and inspiring remains of the great Mayan empire. Two of the outstanding examples of this civilization, which vanished for reasons still unknown, are Chichen Itza and Uxmal. Both may be reached by buses, taxis or private automobile over good all-weather roads.

Although Mayan relics gave Merida its first prominence as a tourist area, modern sports activities are rapidly



This is the Eagle and the Serpent, Mexico's national emblem.

Capitol of YUCATAN

or depressions in the Republic of Mexico itself. Even when roads, now being completed, make Merida more accessible to the mainland of Mexico, this economic dependency will remain more or less static until Mexico's industrial growth penetrates to the peninsula.

Yucatan practically lives on rope. Baler twine, manufactured by a score of mills in and around Merida, is the principal product of the entire area. 25. percent of this product is consumed by other areas of Mexico while the rest is shipped to the United States and other foreign countries.

The second biggest item of income for Merida comes from tourism. Even so, the great strides tourism has made during recent years in other parts of Mexico has had little impact on Yucatan. The primary reason has been hostile geography, plus lack of adequate transportation facilities from Mexico City. Heretofore the principal route was by car or road to the port city of Veracruz, then via ship to Progreso and thence via road inland to Merida.

Air transport has changed this, and when modernization of Mexico's highway system is further along even greater changes are certain to result. Flights in and out of Merida make it one of the busiest airports in northern Latin America. Pan American maintains a regular schedule both from New Orleans and Miami, while Compania Mexicana de Aviacion connects Merida with Mexico City, Miami and Havana.

In many ways Yucatan is comparatively behind the times, and be-

crowding out the past in appeal. Not too far distant from the city are two unparalleled centers for sports fishing. One is Cozumel, the other Isla de las Mujeres. Equally as good as the fishing is the hunting. Deer, duck of a dozen varieties, and small "tigers" are so commonplace that it is an every day occurrence to step from the lobby of the Hotel Merida and be offered the opportunity to purchase fresh game meat for the freezer.

Helpful too is the fact that the entire area has a perfect climate—warm by day, and cool by night. Even the rainy season presents no mud hazard. Most of the area is of limestone base, so the heaviest rains literally filter through the porous soil in a matter of minutes.

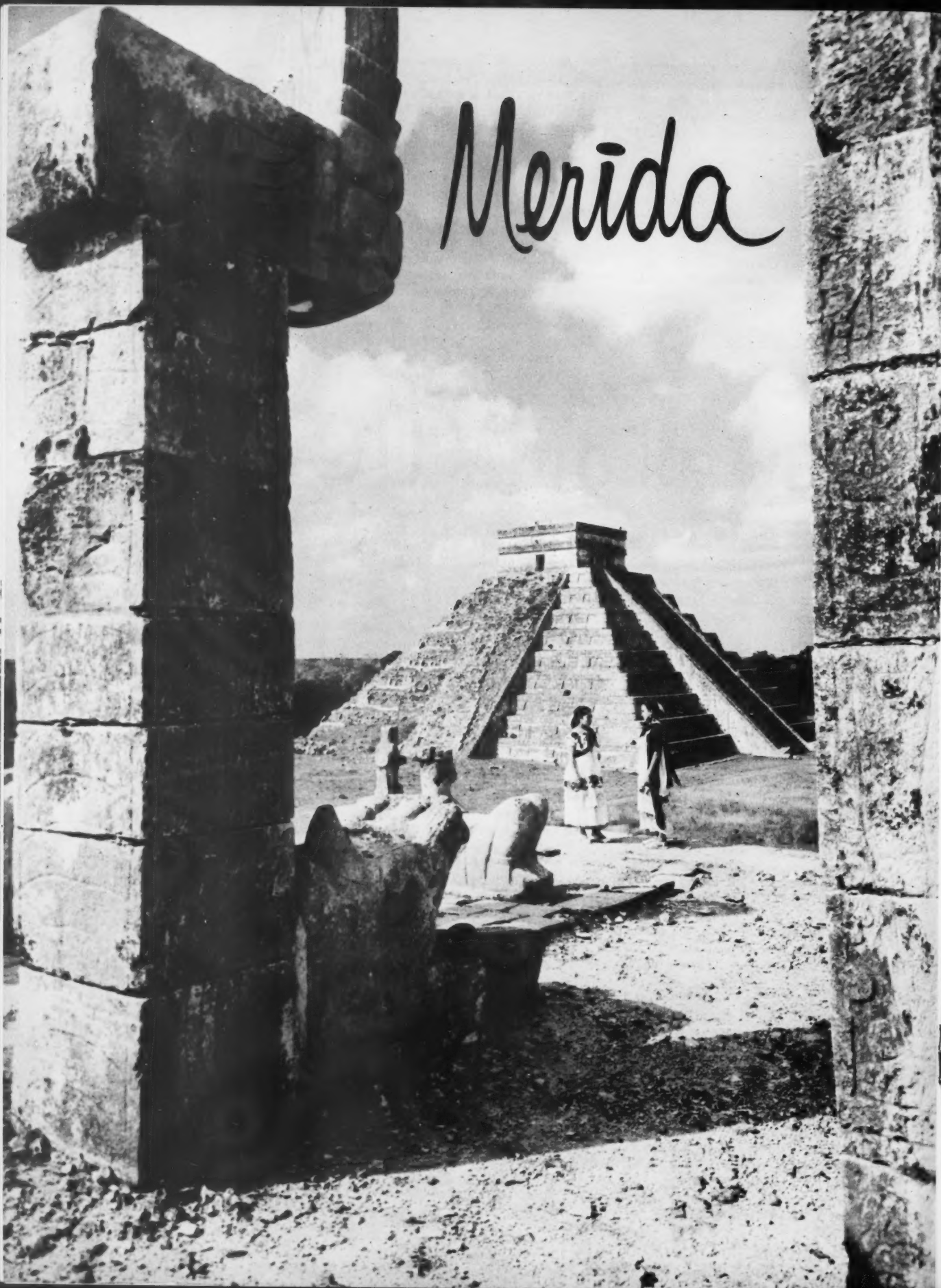
Two other points make Merida most attractive: the very real friendship and amiable attitude of the natives toward visitors and the remarkably low prices as compared to other tourist areas. Accommodations are not on the level of some of Mexico City's swank hotels, but most of Merida's hotels are adequate, comfortable and clean.

Now is the time to "discover" Merida. Five years from now the opportunity will have been lost. Within that period of time, or even less, the "Around the Caribbean" highway system, linking Florida, the Gulf Coast, Texas, northern Mexico, Yucatan and thence (via ferry) Cuba and return to Florida, will be a reality. That, of itself, is certain to change Yucatan much as the opening of tourist highways from the United States to Mexico City changed the mainland.



An old farmer rests on a park bench alongside a Merida businessman.

Merida



Model

◀ U

Maya
new o



Modern Merida. The Beach Club.



Still a major part of the transit system, the horse and carriage.

◀ *Uzmal, mighty remnant of the mayas.*

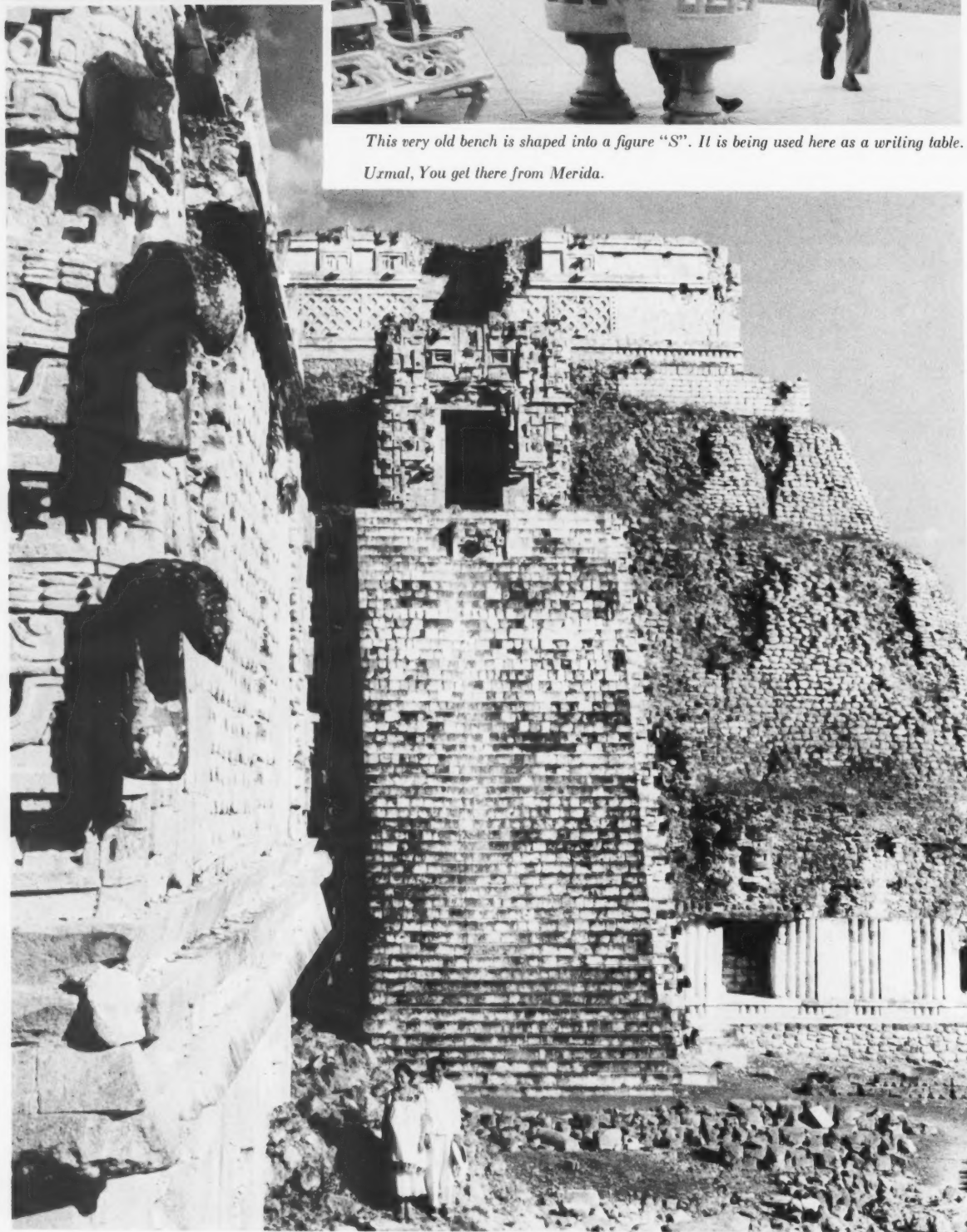
Mayan city of Sayil. The car is a new one for Yucatan.



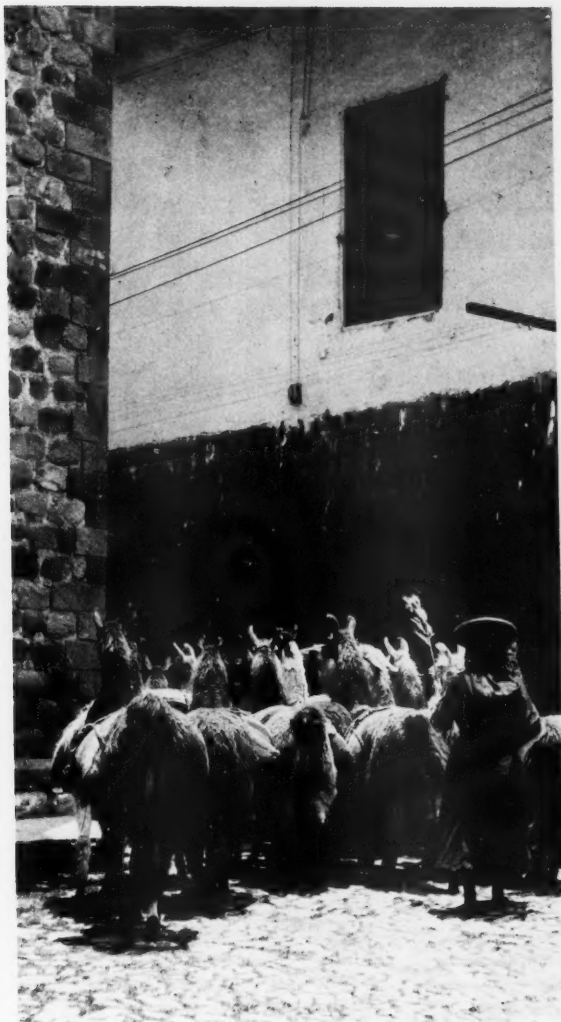
Merida..



*This very old bench is shaped into a figure "S". It is being used here as a writing table.
Uxmal, You get there from Merida.*



LIMA, PERU



Llamas of Peru

william crosby & sons, s.a.

REPRESENTATIVES & DISTRIBUTORS, ESTABLISHED 1918

COMANDANTE ESPINAR 689. P. O. BOX 60

MIRAFLORES, LIMA, PERU, S. A.

C. Berckemeyer and Co. S. A.

FOUNDED IN 1899

VILLALTA (UCAYALI) 266 LIMA, PERU

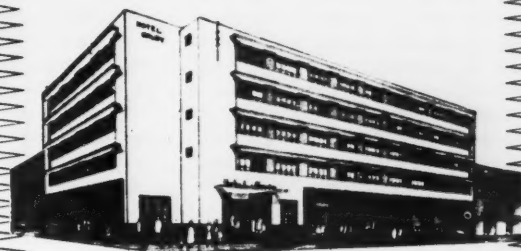
LIMA'S LARGEST, MOST MODERN HOTEL



Hotel Crillon

LIMA, PERU

RATES FROM \$6.00 SINGLE



HOTEL MAURY

IN LIMA'S BUSINESS CENTER

Attractively decorated rooms and
suites — All with private bath
Air conditioned

Foreign Corporations

developers

or

exploiters

High on the list of standard complaints heard in Latin America is one that deals with the effect of foreign capital, and especially, of United States capital. Extraction of Latin America's natural resources, the complaint reads, has been carried on largely by foreign companies. These companies have taken the lion's share of benefits from such extraction as compensation for their capital investment, risk bearing enterprise, and administrative effort. And they have transferred that lion's share back to their own countries. The effect has been to "drain off" Latin America's natural assets into foreign countries.

Ex-President Jose Figueres, of Costa Rica, in his inaugural address on November 8, 1953 said: "Foreign investments constitute a sort of suction organism, that carries abroad most of the riches it produces, in the form of dividends, taxes, and salaries of high executives. On the other hand the tendency of the foreign companies to maintain our countries as low paid labor zones limits our capacity to consume industrial products."

Much of the unpopularity of foreign corporations rests upon a common assumption that the benefits

from such an enterprise consist only of interest payments and net profits. Few seem to remember that the additional factors of land and labor also confer benefits on the nation.

LAND. If we give to *land* its broad economic meaning, in which it covers all resources that have not been produced by man's efforts (including sub-soil mineral and oil deposits), we shall find that land costs to foreign companies comprise the following:

(a) Payments to acquire outright title to land surface. In Latin America these payments by foreign companies go, with rare exceptions, to Latin American individuals. Why? Because they were the ones that owned the land in the first place, and they are the ones from whom it must be bought.

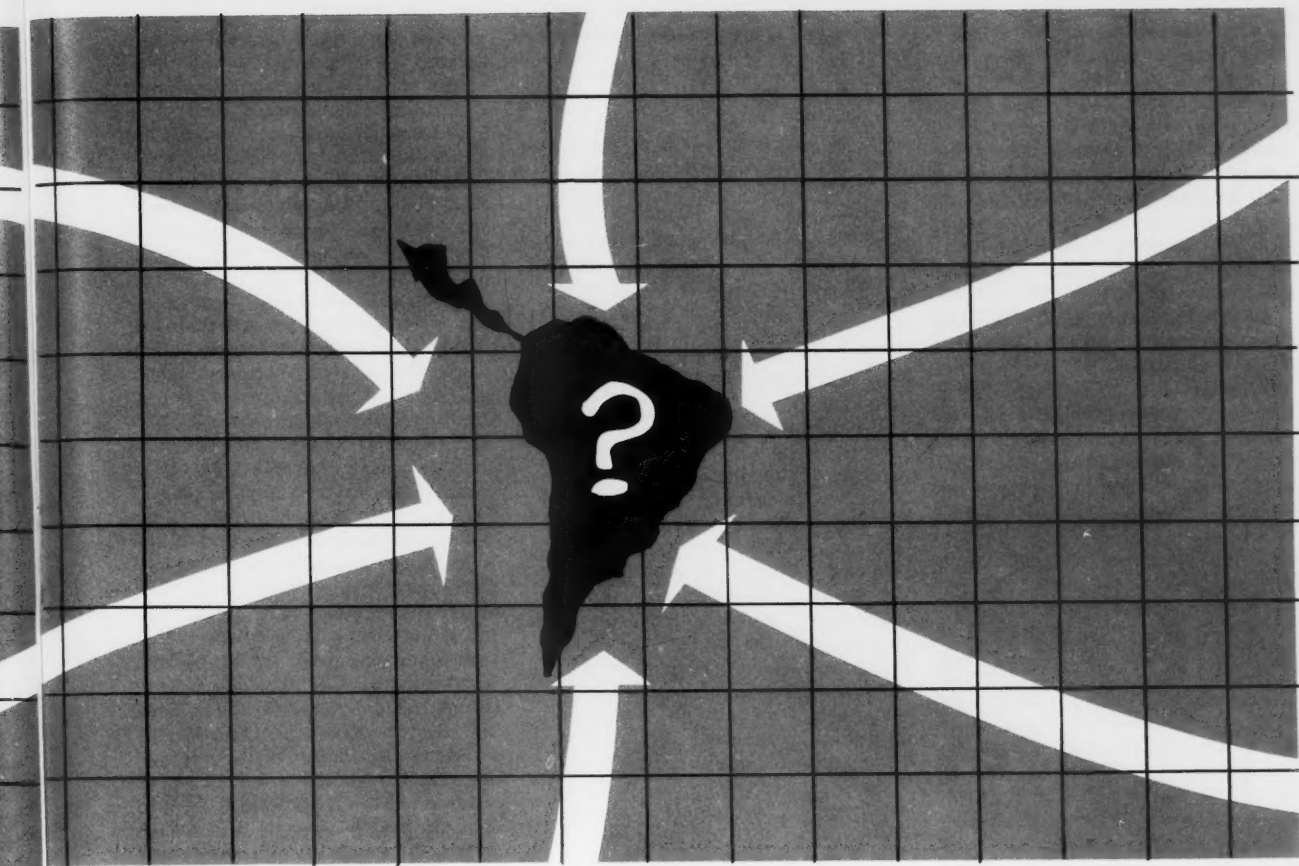
(b) Payments for concessions, franchises, or rights of way needed to extract natural resources on, or under, the surface of the land. These outlays, which take the form of royalties, surface taxes, exploration taxes, production taxes, or rents, are in nearly every instance made to Latin American governments. Latin American individuals, or Latin American

companies.

(c) Payments incident to the maze of legal paper work and stamped documentation necessary to the consummation of these transactions, including the sometimes exalted fees charged by local lawyers who guide them through the labyrinth of red tape. These outlays go exclusively to Latin American individuals and governments.

For one oil company operating in Venezuela, payments in the three land categories, up to the end of 1958, accounted for \$150 million dollars.

LABOR. The cost of labor employed in Latin American operations by foreign companies is charged to capital, to operating expenses, or both. The labor charged to capital is that employed in the setting up of equipment such as buildings and machinery, in the digging of mines or the drilling of wells—in other words, all the labor that is employed before the enterprise starts normal operations. In the oil and mining industries this preliminary period sometimes lasts up to five to ten years, a period in which millions of dollars leave the coffers of the foreign com-



panies without one cent of revenue.

Ex-President Figueres alleged that foreign capital removed a large part of the natural wealth of host countries in the form of high salaries paid to top executives. How far is this true?

The number of foreign employees (i.e.: foreign to the nation in which the company is operating) and the wages paid to them by overseas companies almost never reaches even 10 per cent of the total payroll. Ninety-three per cent of the employees of the Creole Company (Standard Oil of New Jersey's Venezuelan affiliate) are Venezuelans. This company recently sent a representative to all universities in the United States where Venezuelan students are enrolled and offered these students jobs with its organization upon their return to Venezuela after graduation. The Standard-Vacuum Company, operating in the Far East, claims that 97 per cent of its employees are natives of the regions where it operates. Foreign public utility companies in Latin America employ an even smaller percentage of non-native workers.

The wages paid to native labor by United States companies in Latin America are invariably higher and

the working conditions better than those provided by native companies. The Creole Company in Venezuela pays an average of U. S. \$10.00 per day in take-home pay. In addition it pays out indirectly for each employee the equivalent of U. S. \$6.09 per day for service and severance indemnities, illness and accident expense, medical benefits, housing allowance, tuition and scholarships, employee training, schools, recreation, hospitals and dispensaries, commissaries, death benefits, group insurance, thrift plans, and retirement allowances. Nowhere in Latin America do laborers working for native employers receive benefits even remotely comparable.

Communist agents have often instigated native labor to protest against the low wages paid by foreign companies. At the same time they have pointed out to native businessmen the fact that foreign companies hire local workers at such high wages that the native businessman cannot find help, thus agitating both groups at once.

Foreign companies operating in Latin America usually maintain a small cadre of managers and key employees of their own nationality.

These foreign employees are as a rule experts or technicians for whom counterparts are difficult to find in Latin America. Because their salaries are high by local standards they become the targets of resentment and envy to the extent that sight is lost of how insignificant their salaries are in regard to the total payroll.

Some allege that the highly paid jobs are given to foreigners from nationalistic prejudice or because of a lack of willingness to recognize talents possessed by the natives by foreign companies. That this has occurred cannot be denied. However, the average foreign company of today strives always for more economical operation and will not go to the expense of bringing in a foreigner to do a job a native can do just as well. U. S. oil companies commencing operations in a new Latin American region often find it necessary to bring in North American drillers, but local workers quickly acquire the needed technique with a result that, in fields where production has gone forward for a period of years, nearly all drilling is done by native employees.

Nor is the charge well founded that salaries paid to the few foreign em-

ployees always leave the country. Most foreign employees live with their families in Latin America for extended periods. Not a few marry local girls. They rent houses and pay rent to local landlords. They buy nearly all of their food, and much of their clothing locally. What they do import is subject to customs duty. They pay relatively high income taxes on their salaries to Latin American governments.

CAPITAL. Nearly all of the loan and equity money invested in enterprises conducted in Latin America by foreign companies comes from abroad. But the benefits from the spending of that capital go in no small degree to Latin Americans. A foreign company conducting an extractive or productive enterprise in Latin America will spend its capital for machinery and heavy equipment, to erect buildings and other structures, to move earth, and sometimes to build roads, dams, and bridges. The machinery and heavy equipment comes from abroad, but when buildings are erected, when the machinery and equipment is mounted on a local site, or when mining shafts are sunk or oil drilling done, much labor is required, nearly all of which is found locally. The foreign companies also buy locally substantial quantities of construction material, such as cement, stone, and wood.

One recent venture undertaken by United States capital in Latin America has been the development of vast iron ore reserves in the southern part of Venezuela. The United States Steel Company and the Bethlehem Steel Company have undertaken the development separately. At a luncheon in Caracas, U. S. Steel's Benjamin F. Fairless revealed the size of the investment his company would make in Venezuela.

"The United States Steel Company," said Mr. Fairless, "has bought millions of bolivars worth of Venezuelan products, including cement, timber, lumber, petroleum products, food, and furniture. It has awarded contracts to some thirty Venezuelan firms, many of whom in turn have given sub-contracts to other local enterprises. In the two towns of Puerto Ordaz and Ciudad Piar these contractors are building the churches, the houses, the stores, the schools and the hospital, and are installing the water systems, sewers, power plants, streets, and almost every other conceivable facility of a modern city.

"Under a contract awarded by the Venezuelan government the company will dredge and maintain a channel in the Orinoco River at no expense

to Venezuela. The government in turn will collect tolls from all deep-draft shipping using the channel and turn back a percentage of the tolls to the company to help pay the cost. This will convert the Orinoco River into a waterway along which ocean-going vessels can steam inland as far as Puerto Ordaz during all seasons of the year. The Company's work on the lower part of the river may also lead to the development of a large hydro-electric project. What all this may mean to the economy of the entire Orinoco Valley challenges the imagination."

That leaves the question of interest on the capital brought in from abroad, and the profits made by foreign companies after taxes are paid to Latin American countries. Title to interest, and to dividend profits, does undoubtedly pass to foreign capitalists when the companies are foreign owned and operated. But from this it does not follow that the money leaves the country where earned.

In the five year period from 1943-48 twelve foreign oil companies, operating in Venezuela left there for re-investment a greater percentage of their net profits than they took out in dividends. Nor should it be overlooked that the oil companies in Venezuela have agreed to the principle that they will hand to the government in the form of royalties and taxes a sum roughly equal to their own retained net profits.

Even if the foreign investor did not want to leave his interest and net profits in the host country for re-investment, exchange control often forces him to do so. Many Latin American countries will not grant exchange permits for the removal of interest or profits.

Another standard indictment has been that the net profits earned by foreign companies in Latin America are too high. In other words, the fee taken by the foreigner for his aid in extracting Latin America's resources is exorbitant. Yet, if the law of demand and supply is valid at all, the fee charged by one entity to do a job is only too high if another entity can do the same job cheaper. Latin Americans have not been able to find that other entity, at least not within the frontiers of their own countries. Where governments have undertaken the job as a state venture, the results have often been less than satisfactory.

Could the government of any Latin American country or any grouping of private capital in them, for example, have undertaken the marketing of the banana? The fixed assets of the United Fruit Company and sub-

sidaries alone totals over 420 million dollars, including over 80 million invested in steamships, not to mention the enormously intricate marketing and development organization the industry has found necessary.

BENEFITS. This review will suggest that, contrary to impressions generally held, Latin America has reaped more benefit from the extraction of its resources by foreign companies than have the companies themselves. But were Latin America's share of the benefits even smaller than that received by the foreigner, one could still argue that extraction by the foreigner has proved more beneficial to Latin America than any other alternative. *It could be maintained that Latin America's share in these benefits however small or large, is pure gain.*

This provocative statement finds its basis in the assumption that when foreign companies have gone into Latin America, they have done so for the most part to undertake ventures that Latin Americans could not do for themselves. The uncertainties that attend the search for minerals and oil under the surface of the earth and the resources needed for such search reach such high totals as to classify these ventures as suitable only for companies with interests world-wide enough to enable them to write off failures in one country, or even on one continent, against the successes in another.

Both Shell and Standard Oil interests have each spent more than 10 million dollars in Ecuador without finding oil in marketing quantities. In the banana growing areas hurricanes can, within minutes, level thousands of acres of fruit-bearing trees. Non-productive outlays of this size can only be borne by companies able to visualize the possibility of recuperation elsewhere.

The alternative to the inadequate share that communist agents try to make the Latin Americans believe they have derived from the extraction of their resources might well have been no share at all. This grim truth frequently escapes the Latin American policy-maker. Mineral or petroleum resources, if they remain where hidden by nature millions of years ago, yield benefits to no one, foreigner or native. *Bluntly, if foreign companies had not gone into Latin America to undertake the finding and the extraction of its resources, it is unlikely that any benefits at all would have been there to divide.*

One has had to have lived below the Rio Grande to appreciate the many benefits of modern civilization, so taken for granted in Latin Amer-

ica, that would not have been at hand there to use had they not been invented or discovered in Europe or in the United States, and brought down south by foreign capital. The railway, the automobile, and now air transport that has meant so much to Latin America. The telegraph, the telephone, the radio, and now television. Electric light and power. In the field of medicine, the antiseptics, insulin, penicillin, streptomycin. The internal combustion engine, the rotary press, and the power loom, the sewing machine. And the hundreds of manufactured articles from northern assembly lines at mass production prices.

Realistic Latin Americans recognize that, up to now, their area has lacked the capital and know-how to undertake most of the large scale operations foreign companies have conducted. But they hope this will not always be so; that some day they will possess enough capital and enough skill to do themselves that which up to now only the foreigner has shown himself able to do. Then, they say, all the benefits will be ours. We will not have to cut in the foreigner. That is a blessing worth waiting for.

DANGER. However the waiting period may be long, a period fraught with danger. In these times of rapid technological progress real peril exists that natural resources that today have a high enough economic value to justify extraction may tomorrow no longer have such value. Science continues to reproduce natural resources synthetically. Researchers often discover ways to substitute hitherto untapped resources for resources formerly employed. And what man will

today dare to assert that, within one quarter or one-half of a century, atomic energy will not have taken the places of coal, oil, and water as the world's principal sources of mechanical power, or that the progress of synthetics will not have made to appear woefully old fashioned and clumsy our present practice of digging deep into the bowels of the earth for minerals?

The choice for Latin America, therefore, may not be between (1) immediate extraction of its resources with a share turned over to foreigners or (2) extraction later with no share for the foreigners. The alternative rather may prove to be (a) immediate extraction with the help of the foreigner, or (b) no extraction at all, now or later.

We might agree with the assertion that the extraction of Latin America's resources has meant a depletion of irreplaceable natural assets with little of a permanent nature left in their place. But can this justly be charged against the foreigner? We have shown how large a part of the benefits from extraction by foreign companies has been passed on to Latin American governments in royalties and taxes. If the governments have dissipated such revenue to cover current administration expenses or to maintain a privileged bureaucracy, the fault cannot fairly be laid at the door of the foreigner. The cure for this ill lies within the power of the Latin Americans themselves.

The Latin American policy-maker faces two alternatives. He can keep foreign capital out, condemning his country to a continuation of such retarded development as can be accom-

plished by its own limited capital and know-how, or he can welcome North American capital and promise it protection. Would not this second alternative be the wiser choice?

The Latin American statesman should encourage, not just tolerate, the coming in of foreign capital. Then he should secure for his country an equitable share of the benefits from its operations by means of royalties and taxes. After that he should turn some of the fervor he now aims at the foreigner toward making certain that his country's receipts from such royalties and taxes are not frittered away, but converted into enduring long-term benefits for his people. ●

**COMING
SOON!**

*Mexico's
Children*

ECUADOR



The HOTELS HUMBOLDT

... Modern

... Conveniently
located

in QUITO
Capital of Ecuador
and in
GUAYAQUIL

Ecuador's Bustling Port City

HOTEL HUMBOLDT
GUAYAQUIL



Goods from **ALL**
the **WORLD**...



...in **ONE**
BUYING PLACE



**Save Time and Money—
Make One Buying Trip**

In this famed marketplace you will find goods from all parts of the United States and from practically every country in the world.

This convenient concentration makes possible surprising savings on your buying trips.

Next time, make your first stop at the International Trade Mart.

Write now for facts about how this unique institution can serve your business.

**INTERNATIONAL TRADE MART
NEW ORLEANS, U.S.A.**

— R & C —

REISER & CURIONI S. A.

Head Office
P. O. Box 1033
LIMA

Founded 1908

Branches in
AREQUIPA
PIURA

IMPORTERS — DISTRIBUTORS — MANUFACTURERS

National and Foreign Textiles—Van Heusen Shirts—Ready-made Clothes—Dyestuffs and Chemicals—Precision Watches and Instruments—Microscopes and Cameras—Steamship Agents—Air Travel Office.

**LIMA LIGHT
& POWER CO.**

*Empresas Electricas
Asociadas*

LIMA · PERU



GRAN HOTEL BOLIVAR

LIMA, PERU

Luxuriously modernized guest rooms, air-conditioned suites and the finest service make the **BOLIVAR** the most convenient place to stay in **Lima**.

Calendar of Festivals



DECEMBER

8—BLESSING OF THE BEACHES IN URUGUAY. Also celebrated with national regattas, horsemanship competitions, and other sports events.

8—FEAST OF THE IMMACULATE CONCEPTION. Celebrated all over Latin America, mainly by religious services.

12—VIRGIN OF GUADALUPE, MEXICO. This is a religious festival that begins a week before and ends with a grand climax. Indians make the pilgrimage to her most popular shrine, four miles north of Mexico City. Barefoot, with pack on their backs and children clinging to parents, the Indians stream through the capital. Once at their destination they pitch camp. Native dances, in lavish costumes, take place December 12 from midnight to midnight.

12—DAY OF THE INDIAN, EL SALVADOR. Although beloved by all Mexico, the Virgin of Guadalupe is especially dear to the Indians because, according to tradition, she appeared in December, 1531, to a poor Indian, Juan Diego. In El Salvador her feast day is called Day of the Indian. Processions of children and young people put on native dress to honor the Virgin.

16-24—POSADAS, MEXICO. On these evenings, in city homes and village streets, the journey to Bethlehem is re-enacted in traditional fashion. Afterward, the social part of the posadas consists of refreshments and dancing but the highlight is breaking of the "piñata." The piñata is an earthenware jar, covered with gaily colored papier-mache figures—animals, flowers, and even Disney characters. Filled with sweets and toys, it is suspended from the ceiling. Blindfolded guests try to break it with a stout pole. Nativity plays, combining Spanish and Indian elements is another feature of Mexican Christmas.

16-24—IN VENEZUELA AND COLOMBIA, the holiday season is heralded by Misas de Aguinaldo (masses held around 4:30 a.m.), noted for their lilting Christmas carols dating back to the 16 Century.

18-21—CHICHICASTENANGO FIESTA OF ST. THOMAS, GUATEMALA. In this colorful highland village of Guatemala, a chief tourist goal at any time of the year because of its market days, there is a four-day festival honoring St. Thomas. Thousands of Indians pour into the village dressed in striking ceremonial costumes. They worship pagan gods on the steps of the church, pay homage to St. Thomas inside the church; set off firecrackers, dance El Son, a secular dance, to the accompaniment of marimba orchestras, and watch a pre-Columbian ritual—the Flying Pole—elaborate performers swinging simultaneously by ropes in ever-widening circles from a tall pole to the ground.

24—CHRISTMAS EVE—Throughout Latin America people attend midnight Mass which is followed by family feasting. Although turkey is the Yule dish of Spain and most of Latin America, the "cena" (after-midnight feast) often features roast pig as a favored side dish.

26—BOXING DAY—Junkanoo Festival of Nassau, and islands of the Bahamas. Similar to carnival in Latin lands. Costumed dancers and singers parade through the streets.

**NEXT
MONTH**

**TUNNEL
THROUGH
THE
ANDES**

**THE INTER-
AMERICAN
BANK**

**PARAGUAY
yesterday
and today**

PLUS

all our
regular features
and a few
surprises!



Items in Trade Notes are published for information only and are not recommended or guaranteed by Latin American Report in any way.

OLD SOLDIERS DEPT . . .

Wilfred J. McNeil, former Assistant Secretary of Defense, has joined D. R. Grace and Company as President of Grace Line and a Director of the company itself. If it seems unusual for Mr. McNeil to be considered suitable for such a position, kindly keep in mind the fact that he was fiscal director of the Department of Defense since its establishment in 1947. This should make him eminently qualified to face any budgetary squabbles which might conceivably arise among Grace's many far-flung subsidiaries.

BRAZIL . . .

U. S. and British meat packing houses in this country have long been protesting Brazilian price ceilings on meat. As a result the government has suddenly ordered an inventory of meat on hand at these companies, and it is felt that possible seizure of the properties may come at any time. The packers have stopped slaughtering cattle, and their operations are at a virtual standstill.

MEXICAN INVESTMENT SERVICE

You can invest dollars or pesos in Mexico with PROFIT and SECURITY
Dollars earn 7% annually,
Pesos 9%
INTEREST COMPOUNDED
MONTHLY
Your money deposited in
MEXICAN BANKING
INSTITUTIONS

Free booklet gives full details
William E. Hughes
Apartado 774 • Monterrey, Mexico
This is not an offer to
buy or sell securities
FIRME Mutual Shares

TRADE NOTES

SUGAR . . .

Sugar prices, down considerably in the past few months due to the uncertainty over Cuba, have suddenly started to go up, and no wonder. The Russians are at it again. The Kremlin bosses, apparently of the mind that to let Fidel down in his time of need might lead to the establishment of an unfriendly government in Cuba, having started buying sugar from Cuba. The most recent purchase: 170,000 tons. Oh, yes, the Soviet Union is the world's second largest grower of sugar, much of which is exported.

COMMON MARKET . . .

The Finance Ministers of Argentina, Brazil, Chile and Uruguay have met in Buenos Aires and signed a free trade agreement among themselves as first step in the establishment of a common market. The four nation bloc is the southern half of a regional tie-up which was proposed as a preliminary step to an eventual continent-wide common market last spring.

EL SALVADOR . . .

El Salvador's Central Bank reports that its gold and foreign exchange reserves are still climbing, and now stand at \$43,100,000. This is the highest amount on hand since the boom which ended in the fall of 1958. The renewed economic strength of the country has led to a tremendous increase in the electrification program, with some 100 new indus-

trial plants taking advantage of El Salvador's obvious desire to move toward complete industrialization.

COFFEE . . .

African coffee producers are currently studying a Latin American proposal for world coffee stabilization. The proposal has already been accepted by fourteen Latin nations. It is expected that the African interests will not accept the offer as it stands, but Latin producers seem anxious to reach an agreement, so a compromise is to be expected.

CHILE . . .

The International Monetary Fund has renewed a \$30,000,000 stand-by credit to this country. This move, combined with other credits and loans extended by U. S. and international monetary sources, has relieved monetary problems within the country for the time being. It is felt, however, that Chile's constantly rising cost of living, up 23% in the first six months of this year, may offset these loans to the point where the present government, headed by Jorge Allendri, will find itself in serious trouble. Allendri, who is pushing his austerity program with great vigor, is faced with the International Monetary Fund's inflexible insistence on Chilean limitation of internal loans, note issue, and dollar promissory notes. Authorities feel certain that the IMF will have to ease these restrictive policies sooner or later, and that it might as well do so in time to save Chile from more economic distress.




**Not the least
of your pleasures
when visiting
Lima will be
to enjoy**

**CERVEZA
CRISTAL**

in the unique "Porrón" brewed
by Backus & Johnston's Brewery
del Peru-Lima.




SALUD!

BOOKS IN REVIEW....

LOOK SOUTHWARD, UNCLE

By Edward Tomlinson.
Devin-Adair
369 pgs. \$6.00

Ever since serious riots disrupted the calm of Vice President Richard M. Nixon's 1958 goodwill junket to South America, there has been a tendency in many United States circles to critically evaluate United States attitudes toward our southern neighbors. For one thing, this tendency has stepped up the publication of books on Latin America—some of them, informative and valuable, but a great many of them of more doubtful value.

Among the former is this new book by Edward Tomlinson, the dean of United States foreign correspondents covering the Latin American scene. In "Look Southward, Uncle," Mr. Tomlinson puts to work his 35-odd years of roaming the western hemisphere and comes up with an up-to-the-minute and critical examination of the current state of hemispheric relations the specific progress being made by the individual countries south of the Rio Grande.

Taking his title from Cordell Hull's remark that "Uncle Sam must look southward more and more because the Americas need one another," Mr. Tomlinson insists that North Americans have somehow got to become informed on their neighbors to the south. He quotes the managing editor of the New York Times, Turner Catledge, to amplify this theme: "I don't think we can go on insisting that the American people are not interested in Latin America. We have not given them much of a chance to be."

Edward Tomlinson, for his part, is definitely not guilty of failing to give North Americans "a chance to be" informed on Latin America.

"Look Southward, Uncle" is packed with information on the 20 republics in Latin America. It deals with the history and politics and geography and education and cultures of these 20 Spanish, Portuguese, and French speaking nations. And a great portion of the book inevitably turns on economic issues.

"The main purpose of this book," Mr. Tomlinson writes, "is not only to remind North American once again of the great potentialities of those twenty independent nations but to set

for the principal handicaps to a more rapid development of their almost unlimited resources, and some of the steps that might be taken by the Latin Americans and ourselves to surmount them."

Mr. Tomlinson does not present necessarily new material (although this reviewer discovered a number of relevant details on economic matters in several of the countries). What Mr. Tomlinson does do, however, is to summarize and to make understandable a host of details on the economic structures of the Latin American nations.

He devotes much attention to such issues as the continuing growth of industry, mineral potential, agricultural assets, the possibilities for future development of the Amazon Basin. Against this background, Mr. Tomlinson paints some sharp contrasts in outlining the present state of scorched earth agriculture in some areas, the dilatory tactics of both industry and union officials in several large metropolitan sections, the retention of old traditions throughout the hemisphere, and the like.

But on balance, Mr. Tomlinson does not appear unhappy with the present state of Latin American development. He writes:

"Even when you travel continually, year after year, in these countries you still are surprised each time you re-

turn to the main cities to find plants, industrial structures, and skyscrapers that have been completed since your last visit. In city and countryside alike, 'today' is rapidly taking the place of 'manana.'"

Mr. Tomlinson notes, however, that there are many laggards in the race toward progress south of the border, and all of these nations must occasionally hold back their overall forward march to let their slower-to-change members catch up. Often, Latin American advancement, as reflected in the cities and in the industrial hubs of the big metropolises is nowhere near being matched by the slow-moving, tradition-wrapped countryside.

The United States has an important role in the continued growth of Latin America and Mr. Tomlinson is, in general, hopeful about the improvement of, and development of, better ties within the hemisphere. But he is not entirely happy with present-day relations.

Noting that good relations with the rest of the Americas is not a monopoly of either United States political party, the author emphatically believes that a return to the good neighbor policy of the 1930s is sorely needed today. This policy, as first conceived during the Republican administration of President Hoover and implemented to its fullest during the

BACK ISSUES NOW AVAILABLE



You can now obtain all back issues of Latin American Report, starting with Volume I, Number 1, at a special price of 35 cents a copy.

Order yours today for a complete file of contemporary Latin American affairs.

Latin American Report, Box 2567 N.O. 16, LA.

Please send me the following issues of Latin American Report at the special price of 35 cents a copy:

Volume I: 1 2 3 4 5 6 7 8 9 10 11 12

Volume II: 1 3 4 5 6 7 8 9 10 11 12

Name _____

City _____ State _____

BE AN AMBASSADOR OF GOOD WILL AND EARN EXTRA DOLLARS AT HOME

As a subscriber of LATIN AMERICAN REPORT magazine you can earn extra dollars and be an ambassador of goodwill between the United States and the other Americas. . . .

HOW? . . . by enlisting as a representative of LATIN AMERICAN REPORT and securing new subscribers for the magazine . . .

WHEN? . . . NOW . . . by contacting your friends and neighbors, local business leaders, high schools, colleges, libraries and civic clubs in person, by telephone or by mail.

What makes it easy for you is that LATIN AMERICAN REPORT is NOT sold on newsstands in the United States . . . but only through subscription.

"NO EXPERIENCE IS NECESSARY" is a phrase which is most unnecessary here . . . because who better than you know what the magazine stands for; know its editorial contents; know of the stories on travel, trade and investment which have been carried in the past and will be carried in future issues.

Remember, if you want to be our representative accepting subscriptions for LATIN AMERICAN REPORT you are under no obligation whatsoever. Even asking us for detailed information on our subscription plan does NOT represent any obligation for you to secure subscriptions—that is up to you.

Just drop us a note today. Ask us to send you, FREE, further information about LATIN AMERICAN REPORT'S subscription representatives' plan.

CIRCULATION DEPARTMENT
**LATIN AMERICAN
REPORT**

P. O. BOX 2567 NEW ORLEANS, LA.

Democratic administration of President Roosevelt, has been lost sight of, Mr. Tomlinson declares. Neither the postwar Truman nor Eisenhower Administrations have devoted enough time and thought to the 20 other hemisphere nations. All of this that Mr. Tomlinson is saying is a truism, of course, but it seems to need saying over and over again. Furthermore, Mr. Tomlinson, with his years of travel over the length and breadth of the hemisphere, is in a position to say it.

Mr. Tomlinson has words of sober warning to Latin Americans who become overly critical of the United States. Mistakes have been made and are being made by North Americans in Latin America, he admits. But it is the past and present sins of only a few that need criticism—not the vast majority of North Americans who deal with Latin America. No other business community, Mr. Tomlinson sagely observes, has better community practices or more enlightened social and labor relations.

It is possible to disagree with points of emphasis in "Look Southward, Uncle," or to suggest omissions in the book. For example, Mr. Tomlinson, it seems to this reviewer, sometimes misunderstands legitimate nationalist aims. These aims must be accepted for what they are: tendencies that are inherent in these countries and are not going to go away.

Nevertheless, this is an essential book—for the novice who wants to know about Latin America, for the specialist who wants to sit back and reflect over the whole range of Latin American issues. Mr. Tomlinson has done well by the reader in providing a useful tool in the increase of understanding within the hemisphere—
James Nelson Goodsell

F. I. R. M. E. S. A.

A FULLY MANAGED MUTUAL FUND

Dealing Exclusively in
Mexican Securities

For Complete Information
contained in our current prospectus
Write:

**FONDO DE INVERSIONES
RENTABLES MEXICANAS, S. A.**

V. CARRANZA 34 MEXICO 1, D. F.

Member of the American Chamber of Commerce

THIS IS NOT A PUBLIC OFFERING

C.N.V. Aut. No. 447

HOUSTON

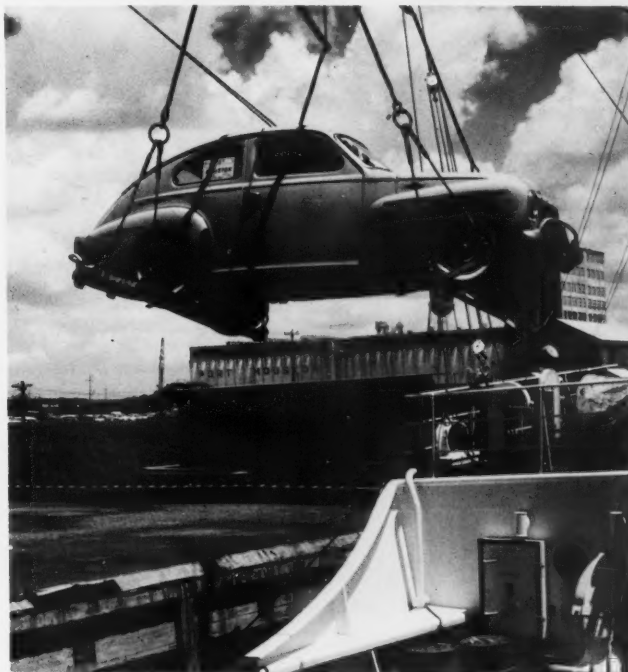


*For the finest
in Lithography*

**CALL
HOUSTON
LITHO
CA 4-2621**

*The largest company in
Houston devoted exclusively
to the production and
development of fine
Lithographic processes*

The Houston Lithographing
corporation
1107 HAMILTON,
HOUSTON 3, TEXAS



END OF A LONG JOURNEY—A car made in Europe is being hoisted from a freighter and soon will rest on a Port of Houston dock—a popular spot for cars made in Europe. During one day in May, 1,555 cars made in Europe were cleared through customs at the Port of Houston. The cars come from England, Germany, France, Italy and Sweden.

WE OFFER YOU:

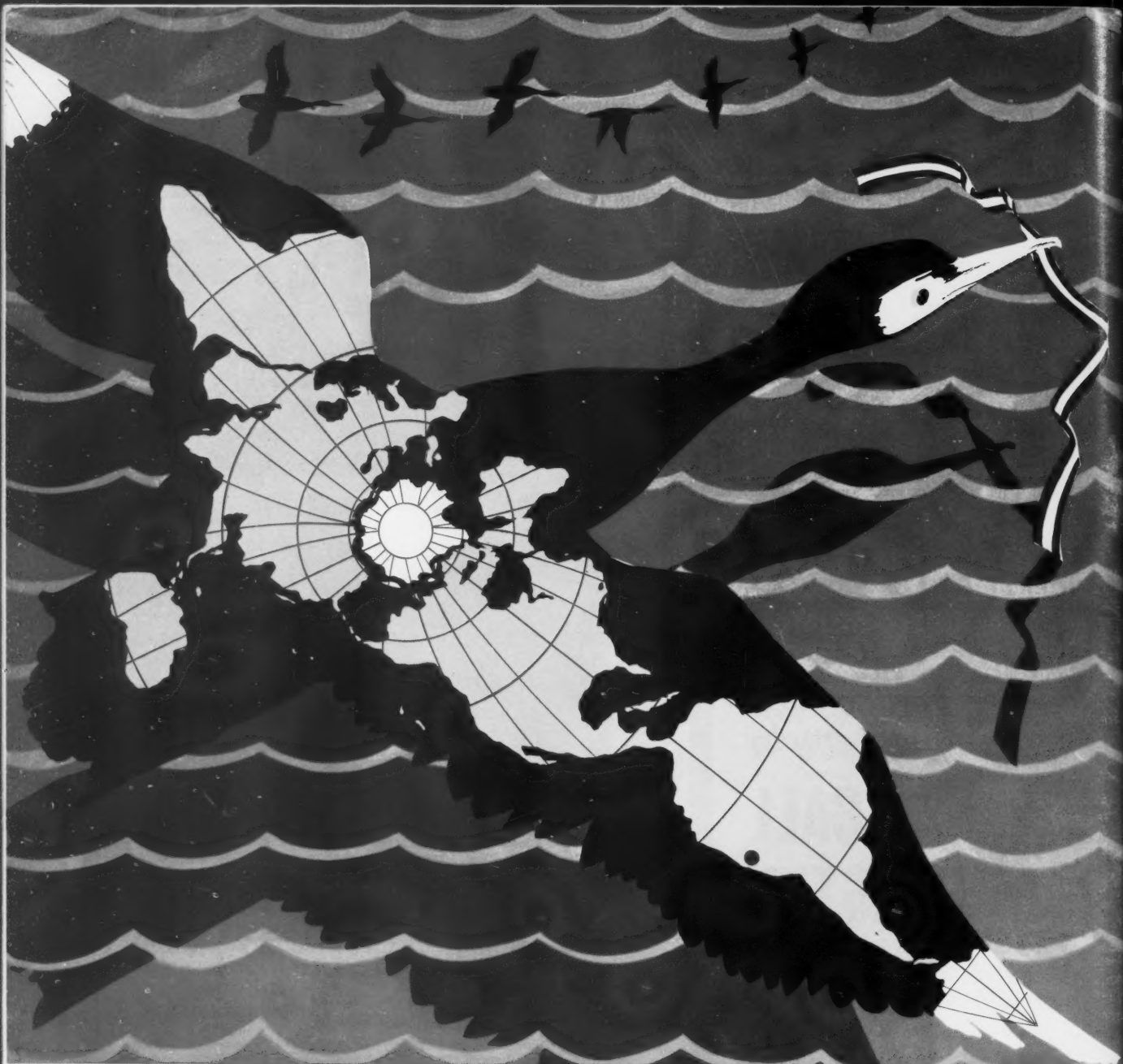
- Southwest's best inland transportation network
- Six trunk-line railroads
- 35 common carrier truck lines
- 119 steamship services
- 28 barge lines; 90 tanker lines
- Marginal tracks at shipside
- Heavy lift equipment
- Prompt, efficient service



Always Specify, via

THE PORT OF HOUSTON

Executive Offices: 1519 Capitol Avenue,
Telephone CA 5-0671,
P. O. Box 2562, Houston 1, Texas



FIRST PACIFIC INTERNATIONAL FAIR

Sponsors of this advertisement include the following leading Peruvian firms:

- CERRO DE PASCO CORPORATION
- GRACE Y CIA. DE PERU
- WILLIAM CROSBY AND SONS
- REISER & CURIONI, S. A.
- ASOCIACION MARITIMA DEL PERU
- HOTEL MAURY
- HOTEL BOLIVAR
- HOTEL CRILLON
- COUNTRY CLUB DE LIMA
- LIMA LIGHT AND POWER CO.
- BACKUS & JOHNSTON BREWERY
- G. BERCKEMEYER & CO., S. A.
- EL PACIFICO, COMPANIA DE SEGUROS

LIMA



PERU

